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The LEBANON WEEKLY MONITOR

Economy

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The Alpha Report, outlining the performance and positioning of Top banks in Lebanon, was issued by Bankdata Financial Services for the first half of 2019. It suggests an increasingly tough environment for Alpha banks prompting de-risking and efficiency measures on their behalf.

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p.9 LEBANON'S CAPITAL MARKETS IN WAIT-AND-SEE MODE AMID CHALLENGES

Amid lingering domestic economic concerns and international criticism over the speed at which Lebanon is reforming its economy, and while all eyes are focused on the upcoming cabinet's discussions for the draft 2020 State budget, Lebanon's capital markets witnessed this week bond price contractions to reach record low levels, continuous pressures on the FX market, and price stability on the equity market. In details, the Eurobond market came under downward price pressures this week, mainly weighed down by concerns over Lebanon's economic outlook, while also tracking US Treasuries declines amid eased US-China trade tensions. Bond prices contracted by up to 3.38 pts week-on-week and Lebanon's five-year CDS spreads expanded by 150 bps to reach 1,365 bps. The FX market saw increased LP-to-FC conversions, noting that BDL's foreign assets reached US\$ 38.7 billion at end-August 2019, covering 79% of LP money supply. On the FX market, activity remained shy and the BSE price index was stable amid mixed price movements.

LEBANON MARKETS: WEEK OF SEPTEMBER 09 - SEPTEMBER 15, 2019

Money Market



LP Tbs Market



LP Exchange Market



BSE Equity Market



Eurobond Market



CDS Market



ECONOMY

AN INCREASINGLY TOUGH ENVIRONMENT FOR ALPHA BANKS PROMPTING DE-RISKING AND EFFICIENCY MEASURES

The Alpha Report, outlining the performance and positioning of Top banks in Lebanon, was issued by Bankdata Financial Services for the first half of 2019.

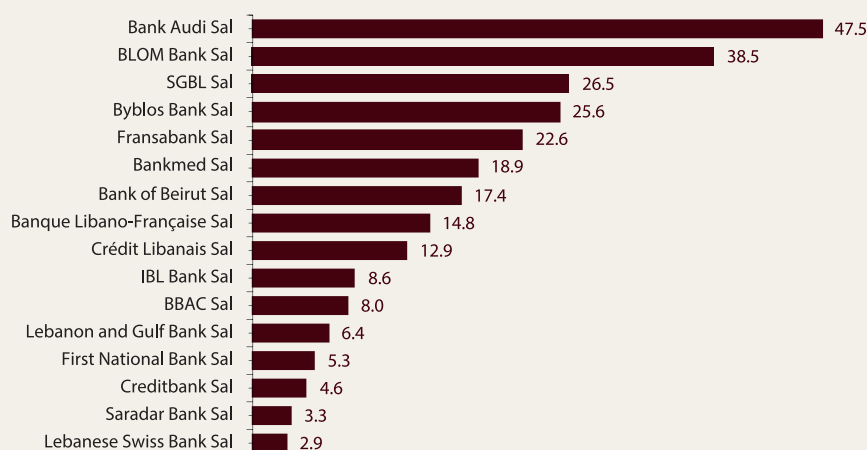
Measured by the consolidated assets of Alpha banks in both their domestic and foreign markets of presence, their banking activity reached US\$ 263.9 billion at end-June, thus reporting a mild growth of 1.6% in the first half of 2019, partly driven by BDL financial engineering operations with Lebanese banks as shown by the domestic asset growth of 2.2%, while foreign entities of Lebanese banks registered a contraction of 1.8% over the period. The latter is mainly due to exchange depreciation in some regional markets and their corollary FX translation impact on banks balance sheets. While the branch network of Alpha banks reported a stagnation over the first half-year, the staff count reported a net decrease of 405 employees (Contractions of 304 employees in Lebanon and 101 employees abroad).

Customer deposits have been on a slight contraction over the first half-year while fiduciary accounts reported a growth of 10.5% over the period. In fact, consolidated deposits contracted by 0.8% over the period, driven by the decline of domestic deposits by 1.3% while foreign entities deposits grew by 2.4%. The most important contraction is that of consolidated loans (-6.3% over the first half-year), with Alpha banks following de-risking strategies within the prevailing environment (a 7.5% contraction in domestic loans and a 2.6% drop in foreign entities loans).

At the level of currency structure, the first half-year witnessed a further rise in deposit dollarization to almost a decade high. While FC domestic deposits contracted by a mere 0.4%, LP domestic deposits dropped by 3.2%. In parallel, domestic LP loans contracted by 10.6% over the first half-year, boosting the dollarization of loans as well.

It is worth mentioning that with the significant loan contraction, Alpha banks managed to further reinforce their liquidity positions. The ratio of net primary liquidity as a percentage of deposits reached 59.9% at end-June 2019, against 57.7% at end-December 2018 and 51.2% at end-June 2018. This liquidity reinforcement is tied to the loans to deposits ratio of Alpha banks reaching 32.1% at end-June 2019, against 34.0% at end-December 2018 and 35.0% at end-June 2018.

ALPHA BANKS' RANKING BY TOTAL ASSETS AS AT END-JUNE 2019 (US\$ BILLION)



Source: Bankdata Financial Services

The first half of 2019 saw a slight deterioration in asset quality. As a percentage of gross loans, gross credit-impaired loans (Stage 3) rose from 8.98% in December 2018 to 9.92% in June 2019, with loan loss reserves standing at 60.51% of credit impaired loans (Stage 3), excluding real guarantees. The net credit impaired loans yet still represents a contained level of 11.99% of shareholders' equity.

At the profitability level, Alpha banks also saw their net profits contracting within the context of a tough operating environment in Lebanon and in foreign markets of presence. Net profits actually declined by 6.6% in the first half of 2019 relative to the same period of last year. Domestic profits, which account for 85% of consolidated profits, were down by 8.1% in the first six months. Despite the fact that operating expenses were down by 3.3% within the context of cost control efforts by Alpha banks, operating profit contracted by 8.2% driven by the 11.3% drop in net interest income and the 4.3% contraction in net fee income.

Subsequently, the return on average assets of Alpha banks contracted from 0.90% in the first half of 2018 to 0.77% in the first half of 2019, and the return on average common equity dropped from 11.04% to 10.01% respectively. Such contractions come within the context of a drop in asset utilization from 2.39% to 2.08% along with a contraction in net operating margin from 37.51% to 36.83%. The drop in asset utilization is driven by a contraction in spread from 1.84% to 1.49%, while the ratio of non-interest income to average assets reported a slight increase from 0.55% to 0.59%.

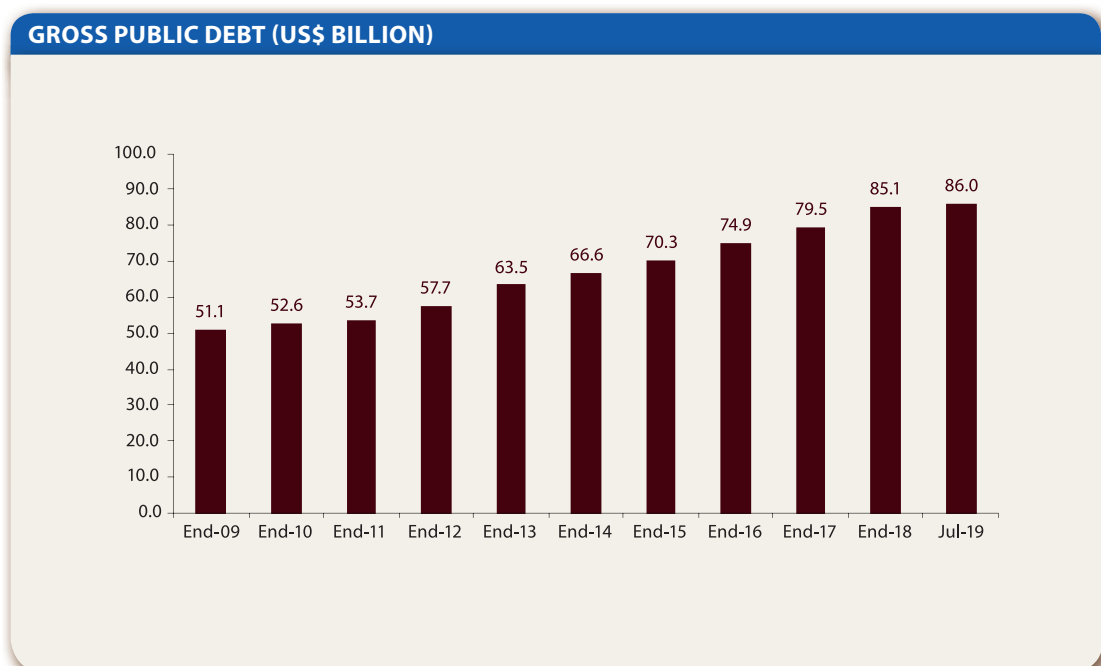
In brief, Alpha banks continue to display adequate overall financial standing within the context of firm de-risking measures, while their profitability is becoming increasingly challenged by increasing tax imposition in Lebanon and by rising pressures emanating from the operating environment in a number of foreign markets of presence.

GROSS PUBLIC DEBT AT US\$ 86.0 BILLION AT END-JULY 2019

The data published by the Ministry of Finance in Lebanon showed that the country's gross debt reached US\$ 86.0 billion at end-July 2019, up by 1.0% from the level seen at end-2018.

Domestic debt was higher by 3.8% from end-2018 to reach a total of US\$ 53.6 billion at end-July 2019.

Lebanon's external debt fell by 3.3% from end-2018 to stand at around US\$ 32.4 billion at end-July 2019.



Sources: Association of Banks in Lebanon, Bank Audi's Group Research Department

In this context, the public sector deposits at the Central Bank fell by 15.2% from end-2018 to stand at US\$ 4.3 billion at end-July 2019. The public sector deposits at commercial banks edged up by 6.5% from end-2018 to reach US\$ 4.7 billion at end-July 2019.

As such, net public debt, which excludes the public sector deposits at the Central Bank and commercial banks from overall debt figures, increased by 1.8% from end-2018 to reach a total of US\$ 77.1 billion at end-July 2019.

Net domestic debt amounted to US\$ 44.7 billion at end-July 2019, up by 5.8% from end-2018.

VALUE OF CLEARED CHECKS DOWN BY A YEARLY 15.2% IN FIRST EIGHT MONTHS OF 2019

The total value of cleared checks, an indicator of consumption and investment spending in the Lebanese economy, declined by 15.2% year-on-year in the first eight months of 2019 pointing to a relative deceleration in spending during the aforementioned period.

The value of cleared checks reached US\$ 37,397 million in the first eight months of 2019, against US\$ 44,110 million in the same period of 2018.

A breakdown by currency shows that the banks' clearings in Lebanese pounds amounted to LP 21,214 billion (-1.5%) in the first eight months of 2019 while those in FC amounted to US\$ 23,325 million (-21.8%).

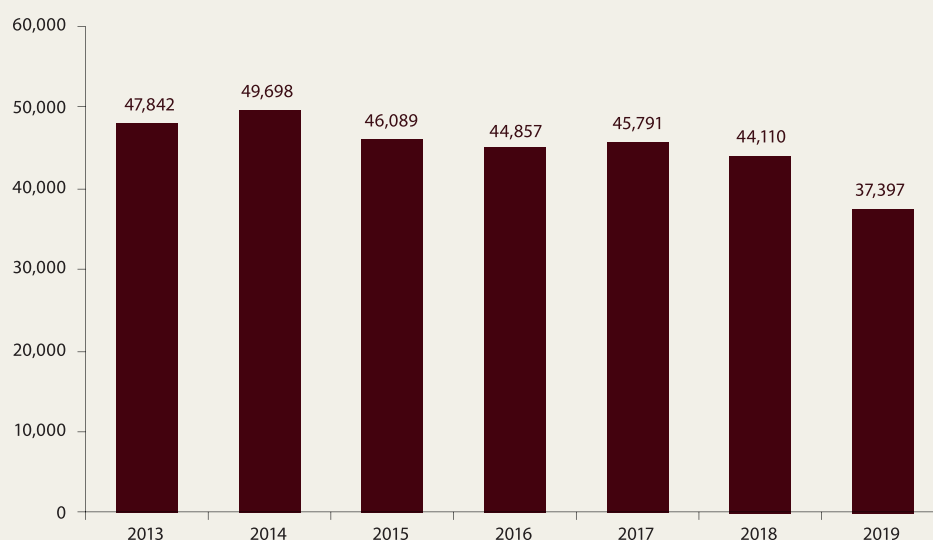
Furthermore, the number of cleared checks registered 6,899,575 in the first eight months of 2019, down by 12.5% from 7,889,576 in the same period of 2018.

The average value per check retreated by 3.1% year-on-year to stand at US\$ 5,420 in the previously mentioned period of 2019.

The value of returned checks reached US\$ 925 million in the first eight months of 2019, against US\$ 1,016 million in the same period of 2018.

The contraction in clearing activity mirrors the rising economic sluggishness across Lebanon's economic sectors, especially felt at the level of private investment.

CLEARING ACTIVITY (FIRST EIGHT MONTHS OF THE YEAR, US\$ MILLION)



Sources: Association of Banks in Lebanon, Bank Audi's Group Research Department

SURVEYS

PROGRESS FORTHCOMING AS POLICYMAKERS SEEM TO AGREE THAT FISCAL CONSOLIDATION NEEDED TO AVOID INSTABILITY, SAYS FITCH SOLUTIONS

According to recent note by Fitch Solutions, Lebanon's government declared a "state of economic emergency", and pledged to accelerate reforms aimed at stabilizing the country's deteriorating fiscal dynamics.

Specifically, the Prime Minister said that the government would hold more regular meetings over the coming months in order to pass fiscal consolidation measures and ready the budget for 2020. He also re-affirmed the government's commitment to reduce the fiscal deficit from 10.9% of GDP in 2018 to 7.6% in 2019 and 7.0% in 2020.

The note added that recent BdL statements imply that deposit inflows picked up again in July-August, but this was due to financial engineering operations by the Central Bank rather than reflecting a wider improvement in confidence.

Over the months ahead, Fitch Solutions believes that concrete progress on fiscal consolidation would be key to alleviating investor concerns, which in turn is crucial to ensure deposit growth remains sufficient to cover fiscal and external shortfalls, and debt servicing costs stay manageable.

The report views it as likely that some progress would be forthcoming, as most policymakers seem to agree that some consolidation needs to take place in order to avoid fiscal instability further down the line and unlock the US\$ 11 billion in foreign funding pledged for Lebanon at the CEDRE conference in Paris last year.

Crucially, the government has already committed to cutting electricity subsidies, which take up a sizeable share of overall spending from 2020 onwards.

That said, the pace of progress would likely prove gradual, in part due to the factional nature of Lebanon's political system, which means various parliamentary blocs remain reluctant to pass measures that may erode their ability to sustain patronage networks and retain popular support.

In particular, this makes it difficult to reduce the country's large public sector wage bill. Meanwhile, debt servicing costs are also high, standing at 36.3% of spending in H119 and look set to remain elevated.

Overall, Fitch Solutions forecasts the fiscal deficit to come in well above the government's aforementioned targets, at 9.1% of GDP in 2019 and 8.4% in 2020.

Should the fiscal consolidation drive stall further into 2020, the risk of Lebanon eventually experiencing severe macroeconomic instability would heighten.

Indeed, this would further weaken investor sentiment. It is worth noting that the BDL reserves are still large and it is also likely that Lebanon's external backers would step in to provide additional financial assistance in such an event, helping to mitigate risks to some extent.

LEBANON CURRENT ACCOUNT DEFICIT TO EASE FROM 22.5% OF GDP IN 2018 TO 17.2% OF GDP IN 2023, SAYS EIU

Lebanon's current-account deficit would ease gradually over the forecast period, from an estimated 22.5% of GDP in 2018 to 17.2% of GDP in 2023, according to the Economist Intelligence Unit (EIU).

Further containment of the conflict in Syria will help to support an improvement in Lebanon's export performance, but its goods export sector will remain small. A strengthening in domestic demand, together with higher average oil prices in 2021-23 (following a weakening in 2019-20), would keep import costs elevated, as per the report.

Moreover, the merchandise trade deficit would remain wide, as import spending, which dwarfs export earnings, expands throughout the EIU forecast period. The services account would remain in surplus, given the contribution from travel and financial services. The tourism sector has benefited from the lifting of the Saudi travel advisory in February.

Remittances, boosted by the presence of more than 1m registered Syrian refugees receiving support from abroad, would help to keep the secondary income balance in surplus, but will be volatile, reflecting on-off tensions with the Gulf Arab states and fluctuating oil prices, as per the EIU.

High external debt payments will ensure a continuing primary income deficit. External financing will be supported by ongoing foreign debt issuance and deposit inflows, but these will remain sensitive to regional political developments.

The government formed in January has outlined a programme to improve fiscal management and to attract foreign financial support that would require significant adjustments in politically sensitive areas, notably in dealing with the loss-making electricity company, Electricité du Liban (EdL).

The Economist Intelligence Unit added that investor sentiment and private consumption growth over the forecast period would be constrained by underlying political instability, particularly in the construction and real estate sectors. According to the BdL, the economy stagnated in the first half of this year, as businesses and consumers continue to await a clearer sense of direction from the new government.

Bank lending to the private sector is also continuing to contract, with a 5.6% year-on-year decline in the first half of 2019. Nonetheless, the Syrian regime's territorial consolidation and the start of reconstruction will help to boost Lebanese economic growth, as the reopening of some trade routes lifts exports and as Gulf investors, in particular, use Lebanon as a base for their Syrian interests.

An easing in food, housing, and automobile-purchase price growth in the first seven months of 2019 has dampened the overall pace of inflation, which further moderated to 1.4% year-on-year in July, down from a peak of 7.6% in mid-2018. The Economist Intelligence Unit expects inflation to average 3.1% in 2019-20, owing to only modest growth in domestic demand and reduced inflationary pressure on housing costs, as some Syrian refugees return home. A combination of higher average oil prices and stronger private consumption growth will then push up inflation to an average of 4.1% in 2021-23.

Last but not least, the BdL's commitment to defending the current exchange-rate regime has been aided by an injection (on August 29th) from abroad to boost international reserves, which have been declining recently. Reserves (including gold) eased to US\$ 49.4 billion in May 2019, from a peak of US\$ 58.2 billion in May 2018, as per EIU estimates. Nonetheless, reserves were still sufficient to provide cover for over 17 months of imports.

CORPORATE NEWS

NEWLY REGISTERED CARS AT 18,165 IN FIRST EIGHT MONTHS OF 2019, DOWN BY A YEARLY 23.2%

According to data compiled by the Association of Car Importers in Lebanon, the number of newly registered passenger cars stood at 18,165 in the first eight months of 2019, falling by 23.2% from a total of 23,645 in the same period of 2018.

According to the same source, this is due to the currently prevailing macro situation in Lebanon, to the 25% down payment imposed on car loans and to the increase in interest rates on car loans, among others.

In a look at the regions, Japanese cars took over the highest share of newly registered cars in the first eight months of 2019 with a total of 7,093, down by 26.0% from the same period of 2018. Korean cars took over the second place with a total of 4,718 cars, down from 6,876 cars in the aforementioned period of 2018.

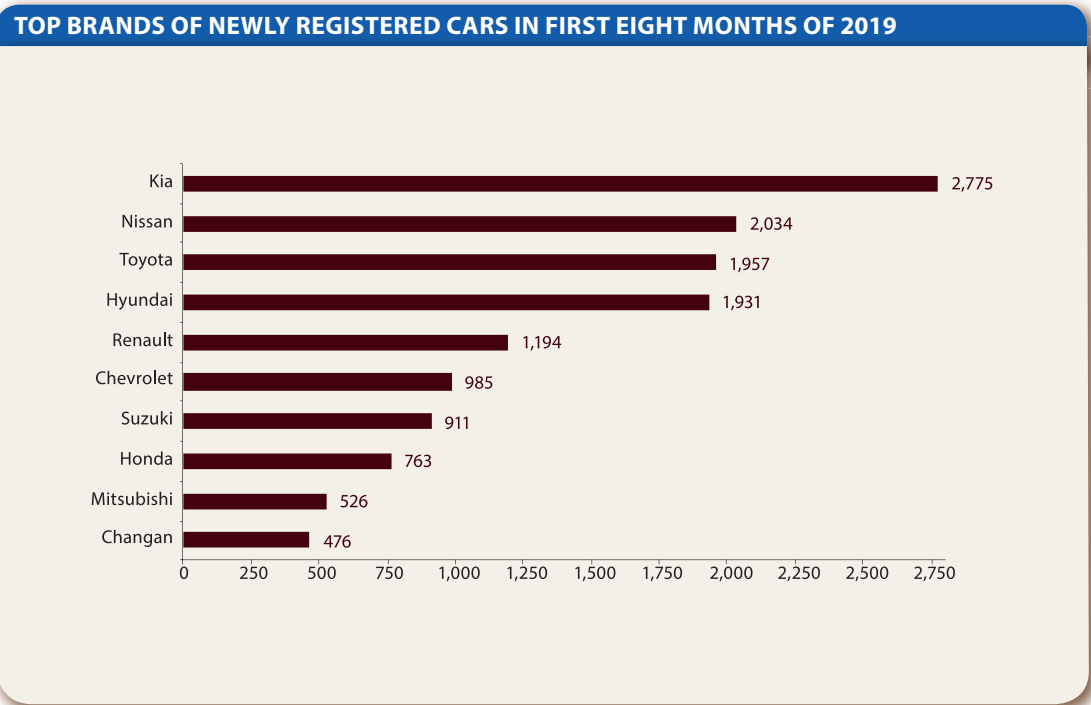
European cars took over the third place with a total of 4,010 cars in the first eight months of 2019, down by a yearly 12.6%.

Korea's Kia ranked first in terms of new car registration during the first eight months of 2019, with a total of 2,775 cars against a total of 3,711 cars during the same period of the previous year.

It was followed by Japan's Nissan with a total of 2,034 newly registered cars in the first eight months of 2019, against 2,803 cars in the first eight months of 2018.

Japan's Toyota came in the third position with a total of 1,957 newly registered cars in the first eight months of this year, compared to 3,054 cars registered in the first eight months of 2018.

These were followed by Korea's Hyundai with a total of 1,931 newly registered cars in the first eight months of 2019, compared to a total of 3,146 cars registered in the year-earlier similar period.



Sources: Association of Car Importers in Lebanon, Bank Audi's Group Research Department

LEBANON AND GULF BANK'S ASSETS UP TO US\$ 6.4 BILLION AT END-JUNE 2019

Total assets of Lebanon and Gulf Bank reached US\$ 6.4 billion at end-June 2019, up from US\$ 5.3 billion at end-June 2018, as per the bank's unaudited financial statements.

Loans to customers edged down by 4.6% from end-June 2018 to reach US\$ 1.3 billion at end-June 2019.

Customers' deposits amounted to US\$ 4.5 billion at end-June 2019, up by 9.8% from end-June 2018.

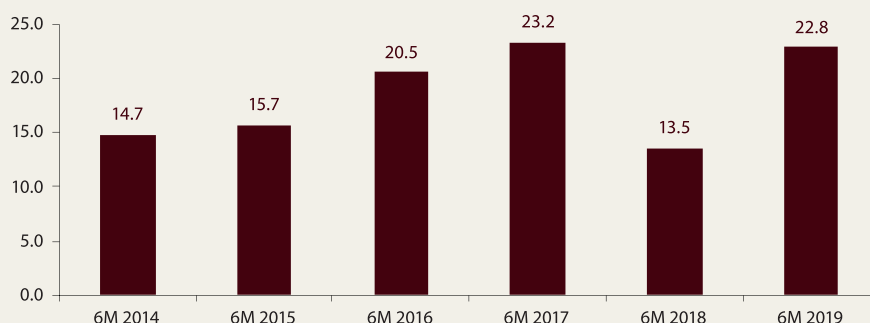
Lebanon and Gulf Bank's consolidated net profits amounted to US\$ 22.8 million in the first half of 2019, up from US\$ 13.5 million in the same period of 2018.

Net interest income fell by an annual 18.9% to US\$ 21.2 million in the first six months of 2019. Net fee and commissions income stood at US\$ 4.3 million in the first half of 2019, down from US\$ 4.5 million in the first half of 2018.

Net gain/loss from financial operations reported US\$ 38.8 million in the first half of 2019. Net operating income amounted to US\$ 45.3 million in the first half of 2019, rising by 36.9% year-on-year.

Total operating expenses rose by 4.9% annually, from US\$ 18.1 million in the first half of 2018 to US\$ 19.0 million in the same period of 2019, of which personnel expenses amounted to US\$ 11.0 million, up by 2.3% year-on-year, and other operating expenses totaled US\$ 6.4 million, up by a yearly 5.9%.

LEBANON AND GULF BANK'S NET PROFITS (US\$ MILLION)



Sources: LGB Bank, Bankdata Financial Services, Bank Audi's Group Research Department

VIRGIN RADIO IN LEBANON LAUNCHES VIRGIN RADIO STARS

After Virgin Radio began airing in May 2013, a sister station started operating under the name of Virgin Radio Stars. The two radios, Virgin Radio Lebanon (FM 89.5) and Virgin Radio Stars Lebanon (FM 89.7), will therefore broadcast simultaneously on two different frequencies.

The new station aims to differentiate itself by targeting a different audience, focused on adults aged 35 to 55, while the first radio is directed at young people aged 15 to 35 years, as per the manager of Virgin Radio Lebanon.

The "Morning Show" will be in the hands of a new duo of animators. The musical program is a mix that highlights the songs of the 80s, 90s and 2000s, but also leaves room for contemporary artists.

Virgin Radio Lebanon had developed around two programs, the "Morning Show" and "Afternoon Drive", the first broadcast in the morning and the second in the afternoon. They are developed interactively through the interventions of listeners, games, lotteries, but also the news of the world of entertainment and music.

CAPITAL MARKETS

MONEY MARKET: WEEKLY EXPANSION IN TOTAL RESIDENT BANKING DEPOSITS

The overnight rate remained quoted at a low level of 5% this week, as the local currency liquidity remained quite abundant despite increased conversions in favor of foreign currencies on the foreign exchange market.

In parallel, total resident banking deposits resumed their growth during the week ending 29th of August 2019, registering an expansion of LP 292 billion. This is mainly attributed to a LP 120 billion increase in total LP resident deposits amid LP 448 billion rise in LP demand deposits and a LP 328 billion decline in LP saving deposits, in addition to a LP 172 billion growth in foreign currency resident deposits (the equivalent of US\$ 114 million). Within this context, the money supply in its largest sense (M4) expanded by LP 247 billion amid a LP 48 billion decline in the currency in circulation and a tiny rise in the non-banking sector Treasury bills portfolio of LP 3 billion.

INTEREST RATES

	13/09/19	06/09/19	28/12/18	
Overnight rate (official)	3.90%	3.90%	3.90%	↔
7 days rate	4.00%	4.00%	4.00%	↔
1 month rate	4.75%	4.75%	4.75%	↔
45-day CDs	4.90%	4.90%	4.90%	↔
60-day CDs	5.08%	5.08%	5.08%	↔

Source: Bloomberg

TREASURY BILLS MARKET: NOMINAL WEEKLY DEFICIT OF LP 23 BILLION

The latest Treasury bills auction results for value date 12th of September 2019 showed that the six-month category (offering a yield of 5.85%), the three-year category (offering a coupon of 7.50%) and the seven-year category (offering a coupon of 9.0%) had full allocations.

In parallel, the Treasury bills auction results for value date 5th of September 2019 showed that total subscriptions reached LP 64 billion and were distributed as follows: LP 12 billion in the one-year category (offering a yield of 6.50%) and LP 52 billion in the five-year category (offering a coupon of 8.0%). These compare to maturities of LP 87 billion, resulting into a nominal weekly deficit of LP 23 billion.

TREASURY BILLS

	13/09/19	06/09/19	28/12/18	
3-month	5.30%	5.30%	4.44%	↔
6-month	5.85%	5.85%	4.99%	↔
1-year	6.50%	6.50%	5.35%	↔
2-year	7.00%	7.00%	5.84%	↔
3-year	7.50%	7.50%	6.50%	↔
5-year	8.00%	8.00%	6.74%	↔
7-year	9.00%	-	7.08%	
Nom. Subs. (LP billion)		64	98	
Short-term (3&6 mths)		-	4	
Medium-term (1&2 yrs)		12	11	
Long-term (3 yrs)		-	-	
Long-term (5 yrs)		52	83	
Maturities		87	124	
Nom. Surplus/Deficit		-23	-26	

Sources: Central Bank of Lebanon, Bloomberg

FOREIGN EXCHANGE MARKET: INCREASED CONVERSIONS IN FAVOR OF FOREIGN CURRENCIES

Pressures on the foreign exchange market persisted this week. International criticism over the speed at which Lebanon is reforming its economy and lingering geopolitical concerns weighed on FX activity, fueling LP-to-US dollar conversions. Besides the commercial demand for foreign currencies, some depositors sought to convert their LP holdings into FC holdings when reaching maturity date.

The increased demand for foreign currencies came at a time when the buffers in Lebanon or the defense lines are still at a solid level. In fact, the Central Bank of Lebanon's foreign assets reached US\$ 38.7 billion at end-August 2019, supported by the influx of deposits from a non-resident private sector, amid talks that Lebanon may attract new fresh funds in the coming period.

EXCHANGE RATES

	13/09/19	06/09/19	28/12/18	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,876.54	1,854.23	1,905.78	↓
LP/¥	13.96	14.08	13.66	↑
LP/SF	1,526.27	1,524.27	1,529.68	↓
LP/Can\$	1,139.89	1,141.61	1,107.48	↑
LP/Euro	1,672.57	1,664.28	1,724.73	↓

Source: Bank Audi's Group Research Department

STOCK MARKET: WEEKLY STABILITY IN BSE PRICE INDEX AMID MIXED PRICE MOVEMENTS

A sluggish mood continued to reign over the Beirut Stock Exchange during this four-day week. The BSE total turnover was restricted to US\$ 1.2 million and compared to US\$ 2.0 million during the previous four-day week and an average weekly trading value of US\$ 3.5 million since the beginning of the year 2019. Solidere shares accounted for 54.2% of activity, followed by the banking shares with 45.7% and the industrial shares with below 0.1%.

In parallel, the BSE saw mixed price movements this week, which resulted into relative stability in the price index (+0.01%). Three out of nine traded stocks registered price gains, while three stocks posted price contractions and three stocks saw no price change. Solidere "A" share price plunged by 4.0% to US\$ 5.72, while Solidere "B" share price surged by 4.9% to US\$ 5.99. As to banking stocks, Bank Audi's "listed" share price edged up by 0.3% to US\$ 3.65. BLOM's "listed" share price closed 0.3% higher at US\$ 7.30. In contrast, Byblos Bank's "listed" share price declined by 0.9% to US\$ 1.11. Amongst industrials, Holcim Liban's share price shed 1.7% to US\$ 9.50.

The weekly performance of the Beirut Stock Exchange compares to shy price decreases in broader regional stock exchanges (-1.7% as per the S&P Pan-Arab Composite Index) and to rises in prices across emerging markets (+1.8% as per the S&P Emerging Frontier Super Composite Index) amid eased US-China trade tensions ahead of October 2019 meeting.

AUDI INDICES FOR BSE

22/1/96=100	13/09/19	06/09/19	28/12/18	
Market Cap. Index	320.34	320.30	384.30	↑
Trading Vol. Index	13.40	22.00	227.09	↓
Price Index	70.23	70.22	83.87	↑
Change %	0.01%	-0.34%	-0.70%	↑
	13/09/19	06/09/19	28/12/18	
Market Cap. \$m	7,600	7,599	9,117	↑
No. of shares traded (Exc. BT)	325,416	427,367	4,241,140	↓
Value Traded \$000 (Exc. BT)	1,238	2,033	21,393	↓
o.w. : Solidere	671	332	1,208	↑
Banks	566	1,701	20,107	↓
Others	0.4	0	78	↑

Sources: Beirut Stock Exchange, Bank Audi's Group Research Department

BOND MARKET: BOND YIELDS AT RECORD HIGH LEVELS

Lingering concerns about Lebanon's economic and financial outlook and international criticism over the speed at which Lebanon is reforming its economy left their imprints on the country's fixed income market over this week. Lebanon's Eurobond market traced a downward trajectory, sweeping away last week's price gains, mainly triggered by net international selling operations, while also tracking US Treasuries declines amid eased trade tensions between the US and China ahead of October 2019 meeting.

Within this context, Lebanese Eurobonds registered weekly price contractions ranging between 0.13 pt and 3.38 pts. This led to a 109 bps increase in the weighted average yield to reach a new historical high level of 14.42%. Within this context, it is worth mentioning that Lebanese sovereigns maturing in April 2021 offered a yield of 20%, putting Lebanon in the fifth place among sovereigns providing the highest yields in the world. In parallel, the weighted average bid Z-spread expanded from 1,240 bps at the end of last week to 1,336 bps at the end of this week, up by 96 bps. As to the cost of insuring debt, Lebanon's five-year CDS spreads widened from 1190-1240 bps last week to 1340-1390 bps this week.

EUROBONDS INDICATORS

	13/09/19	06/09/19	28/12/18	
Total tradable size \$m	31,064	31,064	32,214	↔
o.w.: Sovereign bonds	29,814	29,814	30,964	↔
Average Yield	14.42%	13.33%	9.95%	↑
Z-Spread (bid in bps)	1,336	1,240	764	↑
Average Life	7.40	7.42	7.83	↓
Yield on US 5-year note	1.67%	1.47%	2.61%	↑

Source: Bank Audi's Group Research Department

INTERNATIONAL MARKET INDICATORS

	13-Sep-19	06-Sep-19	31-Dec-18	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	108.10	106.92	109.61	1.1%	-1.4%
\$/£	1.250	1.228	1.275	1.8%	-2.0%
\$/Euro	1.107	1.103	1.147	0.4%	-3.4%
STOCK INDICES					
Dow Jones Industrial Average	27,219.52	26,797.46	23,327.46	1.6%	16.7%
S&P 500	3,007.39	2,978.71	2,506.85	1.0%	20.0%
NASDAQ	8,176.71	8,103.07	6,635.28	0.9%	23.2%
CAC 40	5,655.46	5,603.99	4,730.69	0.9%	19.5%
Xetra Dax	12,468.53	12,191.73	10,558.96	2.3%	18.1%
FT-SE 100	7,367.46	7,282.34	6,728.13	1.2%	9.5%
NIKKEI 225	21,988.29	21,199.57	20,014.77	3.7%	9.9%
COMMODITIES (in US\$)					
GOLD OUNCE	1,488.53	1,506.82	1,282.49	-1.2%	16.1%
SILVER OUNCE	17.44	18.18	15.50	-4.0%	12.6%
BRENT CRUDE (per barrel)	60.22	61.54	53.80	-2.1%	11.9%
LEADING INTEREST RATES (%)					
1-month Libor	2.02	2.05	2.50	-0.03	-0.48
US Prime Rate	5.25	5.25	5.50	0.00	-0.25
US Discount Rate	2.75	2.75	3.00	0.00	-0.25
US 10-year Bond	1.90	1.56	2.68	0.34	-0.78

Sources: Bloomberg, Bank Audi's Group Research Department

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